

## Message Text

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TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

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TAGS: EGEN, ETRD, OAS, IA-ECOSOC

SUBJ: OAS: 10TH ANNUAL IA-ECOSOC MEETING - USDEL NO. 3

1. FOLLOWING IS COMPLETE TEXT OF ACTING SECRETARY INGER-SOLL'S STATEMENT TO PLENARY, WEDNESDAY AFTERNOON, MARCH 12:

QUOTE. I AM HONORED TO HEAD THE UNITED STATES DELEGATION TO THIS MAJOR MEETING OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL.

IT HAS BEEN A PLEASURE TO RENEW ACQUAINTANCES MADE IN QUITO LAST NOVEMBER AND MEET FOR THE FIRST TIME OTHER DISTINGUISHED DELEGATES TO THIS CONFERENCE.

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OUR PURPOSE IN GATHERING IS TIMELY AND SERIOUS.

TODAY THE WORLD CONFRONTS AN UNPRECEDENTED CHALLENGE AS IT SEEKS TO DEFINE NEW ECONOMIC RELATIONSHIPS.

GOVERNMENTS ARE SEARCHING FOR COOPERATIVE SOLUTIONS TO SUCH ACUTE PROBLEMS AS FOOD, POPULATION, TRADE, ENERGY, LAW OF THE SEA, AND INDUSTRIAL DEVELOPMENT.

WITHIN OUR OWN HEMISPHERE, WE ARE ATTEMPTING TO FASHION NEW WORKING RELATIONSHIPS REFLECTING THE GROWING INTER-

DEPENDENCE AMONG OURSELVES AND WITH OTHER NATIONS OF THE WORLD.

THIS MEETING IS AN INTEGRAL PART OF THE REGIONAL AND WORLD DIALOGUE.

OUR TASK IS TO USE THIS FORUM TO ACHIEVE A MORE EQUITABLE, PROGRESSIVE AND STABLE ECONOMIC AND SOCIAL ORDER.

AT HOUSTON ON MARCH 1, SECRETARY OF STATE KISSINGER SET FORTH THREE OBJECTIVES OF UNITED STATES POLICY TOWARD LATIN AMERICA, WHICH GUIDE OUR DELEGATION:

-- BEGIN INNER QUOTE.

TO PROMOTE WITH OUR FRIENDS A NEW SPIRIT OF COMMUNICATION TEMPERED BY REALISM, ELEVATED BY HOPE AND FREE OF DISTRUST, DESPAIR OR RESENTMENT.

-- BEGIN INNER QUOTE.

TO FIND NEW WAYS TO COMBINE OUR EFFORTS IN THE POLITICAL, ECONOMIC AND SOCIAL DEVELOPMENT OF THE HEMISPHERE.

-- BEGIN INNER QUOTE.

AND TO RECOGNIZE THAT THE GLOBAL DIALOGUE BETWEEN THE DEVELOPED AND LESS DEVELOPED NATIONS REQUIRES ANSWERS THAT WILL BE DIFFICULT TO FIND ANYWHERE IF WE DO NOT FIND THEM IN THE WESTERN HEMISPHERE.  
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END INNER QUOTE.

INTERDEPENDENCE -- OR MUTUAL DEPENDENCE -- IS ESPECIALLY PRONOUNCED IN THIS HEMISPHERE.

EACH OF OUR COUNTRIES IS INTERLOCKED IN THE WORLD ECONOMY.

WE HAVE SEEN HOW THE SHOCK WAVES OF INFLATION AND RECESSION HAVE SPREAD THROUGH THE WORLD AND HAVE AFFECTED ALL OF US.

THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL PROVI-

DES A UNIQUE OPPORTUNITY FOR A HIGH LEVEL EXAMINATION OF SOME OF THE KEY ISSUES OF INTERDEPENDENCE WHICH WE CONFRONT TODAY.

WE HAVE A COMMON RESPONSIBILITY TO ASCERTAIN THE FACTS AND CLARIFY THE ISSUES AS WE DEAL WITH THE IMPORTANT ITEMS ON THE AGENDA.

LET ME BEGIN WITH THE TRADE ACT, WHICH I BELIEVE TO BE A MUCH MISUNDERSTOOD ISSUE.

BEGIN UNDERScore. TRADE NEGOTIATIONS. END UNDERScore. WE ALL RECOGNIZE THAT THE GENEVA MULTILATERAL TRADE NEGOTIATIONS ARE VITAL TO THE HEALTH OF THE INTERNATIONAL ECONOMY.

A MORE OPEN TRADING SYSTEM WILL ALLOW OUR ECONOMIES TO MAXIMIZE THEIR PRODUCTIVE POTENTIAL AND SHARE EQUITABLY IN THE GROWTH OF THE WORLD ECONOMY.

WITHOUT SERIOUS AND PRODUCTIVE GLOBAL TRADE NEGOTIATIONS, THE TEMPTATION FOR EACH COUNTRY TO SEEK A UNILATERAL SOLUTION TO ITS ECONOMIC AND TRADING PROBLEMS MAY BECOME IRRESISTIBLE.

WITHOUT A STRONG AND VIABLE WORLD ECONOMY, NONE OF US WILL BE ABLE TO MEET OUR TRADE AND DEVELOPMENT OBJECTIVES.

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WITH THESE FACTORS IN MIND, THE ADMINISTRATION SOUGHT LEGISLATION FROM OUR CONGRESS ENABLING US TO ENTER INTO A NEW ROUND OF TRADE NEGOTIATIONS.

PRESIDENT FORD SIGNED THE TRADE ACT OF 1974 ON JANUARY 3 OF THIS YEAR.

WE CAN NOW BEGIN TO WORK CONSTRUCTIVELY AND POSITIVELY TOWARD AN INCREASINGLY JUST AND OPEN WORLD TRADING SYSTEM.

I AM KEENLY AWARE OF THE CONCERN THAT CERTAIN SECTIONS OF THE TRADE ACT HAVE CAUSED IN SOME LATIN AMERICAN COUNTRIES.

THIS IS ONE REASON MY DELEGATION WELCOMES THIS MEETING AND THE COMING MEETING OF THE GENERAL ASSEMBLY OF THE ORGANIZATION OF AMERICAN STATES.

WE BELIEVE THAT A REVIEW OF OUR TRADE OBJECTIVES AND A THOROUGH EXAMINATION OF THE ACT WILL LEAD TO A REALIZATION THAT AT LEAST SOME OF YOUR CONCERNS ARE UNWARRANTED.

FIRST, LET ME REASSURE YOU THAT WE ARE FIRM IN OUR RESOLVE TO IMPLEMENT THE TOKYO DECLARATION WITH ITS SPECIAL CONSIDERATION FOR THE NEEDS OF THE DEVELOPING COUNTRIES.

THERE IS A SPECIFIC MANDATE IN THE TRADE ACT GIVING SPECIAL CONSIDERATION TO DEVELOPING COUNTRY INTERESTS.

WE DO NOT EXPECT FULL RECIPROCITY FROM THE DEVELOPING COUNTRIES FOR CONCESSIONS WE MAKE IN THE COURSE OF THE NEGOTIATIONS.

WE DO EXPECT, HOWEVER, THAT ALL COUNTRIES WILL CONTRIBUTE TO BUILDING A NEW WORLD TRADING SYSTEM IN PROPORTION TO THEIR LEVELS OF DEVELOPMENT.

WE HOPE THE GENEVA NEGOTIATIONS WILL RESOLVE SOME UNCLASSIFIED

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OF THE OUTSTANDING PROBLEMS IN INTERNATIONAL TRADE.

FOR EXAMPLE, IF THE NEGOTIATIONS PRODUCE AN EFFECTIVE INTERNATIONAL CODE ON EXPORT SUBSIDIES, PROBLEMS THAT YOUR COUNTRIES MIGHT HAVE WITH COUNTERVAILING DUTIES WILL BECOME MORE MANAGEABLE.

WE ARE WILLING TO WORK TOGETHER WITH YOU, BOTH IN GENEVA AND IN THE OAS SPECIAL COMMITTEE FOR CONSULTATION AND NEGOTIATION, TO FIND A SATISFACTORY SOLUTION ON THIS AND OTHER TRADE ISSUES.

THE TRADE ACT ALSO GIVES US THE AUTHORITY TO IMPLEMENT A GENERALIZED SYSTEM OF TARIFF PREFERENCES FOR OUR IMPORTS FROM DEVELOPING COUNTRIES.

PRESIDENT FORD WILL SOON ISSUE AN EXECUTIVE ORDER DESIGNATING BENEFICIARY COUNTRIES.

HE WILL THEN SEND A PROPOSED LIST OF PRODUCTS FOR DUTY-FREE TREATMENT TO THE INTERNATIONAL TRADE COMMISSION FOR PUBLIC HEARINGS AND RECOMMENDATIONS.

AS YOU KNOW, THIS PROPOSED LIST OF PRODUCTS WAS DEVELOPED IN CLOSE CONSULTATION WITH YOUR COUNTRIES.

IT IS A GOOD LIST WHICH CONTAINS A BROAD RANGE OF MANUFACTURES AS WELL AS SOME AGRICULTURAL AND PRIMARY INDUSTRIAL PRODUCTS.

WE ARE KEENLY AWARE OF ANOTHER ASPECT WHICH HAS DRAWN YOUR CRITICISM.

PRESIDENT FORD AND SECRETARY KISSINGER HAVE PERSONALLY EXPRESSED CONCERN OVER THE RIGIDITIES IN OUR TRADE ACT WHICH WOULD EXCLUDE VENEZUELA AND ECUADOR FROM PARTICIPATION IN OUR SYSTEM OF PREFERENCES.

AS SECRETARY KISSINGER SAID IN HOUSTON, BEGIN INNER QUOTE. THE ADMINISTRATION SUPPORTS THE PURPOSE OF THE VARIOUS BILLS WHICH HAVE BEEN INTRODUCED INTO THE CONGRESS UNCLASSIFIED

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...TO MODIFY THE PROVISIONS OF THE TRADE ACT WHICH INVOLVE VENEZUELA AND ECUADOR. END INNER QUOTE.

WE HAVE NOW COMPLETED A SERIES OF CONSULTATIONS WITH THE KEY MEMBERS OF THE SENATE FINANCE AND HOUSE WAYS AND MEANS COMMITTEES TO SEEK AN EQUITABLE SOLUTION TO THIS PROBLEM.

BASED ON THESE CONSULTATIONS, WE EXPECT AN EARLY DECISION ON FURTHER ACTIONS TO SOLVE THIS PROBLEM.

IN ANY EVENT, WE HOPE TO RESOLVE THE QUESTION WELL BEFORE OUR SYSTEM OF PREFERENCES GOES INTO EFFECT THIS FALL.

BEGIN UNDERSCORE. COMMODITIES. END UNDERSCORE.

LET ME NOW TURN TO ANOTHER IMPORTANT CONCERN OF ECONOMIC INTERDEPENDENCE, NAMELY, PRICE AND SUPPLY OF THE BASIC COMMODITIES SO IMPORTANT TO HEMISPHERIC TRADE.

INCREASED PRESSURES ON RAW MATERIAL SUPPLIES OVER THE PAST SEVERAL YEARS ULTIMATELY LED TO SHORTAGES AND TO PRICES THAT WERE NOT SUSTAINABLE.

NOW, WITH A DOWNTURN IN THE WORLD ECONOMY, WE ARE EXPERIENCING A SHARP FALL IN DEMAND AND PRICES, WITH CONSEQUENT BALANCE OF PAYMENT PROBLEMS FOR THOSE COUNTRIES MOST DEPENDENT ON COMMODITY EXPORTS OTHER THAN PETROLEUM PRODUCTS.

RECENT EVENTS IN COMMODITY AVAILABILITIES AND PRICES HAVE NOT ALTERED THE BASIC U.S. BELIEF THAT MARKET FORCES OF SUPPLY AND DEMAND, WHEN ALLOWED TO OPERATE FREELY, ARE THE BEST ALLOCATOR OF RESOURCES.

THIS IS NOT TO SAY WE APPROACH COMMODITY PROBLEMS WITH A CLOSED MIND.

THERE MAY BE FLAWS IN THE OPERATION OF THE MARKET SYSTEM FOR A PARTICULAR COMMODITY, OR THE MARKET MAY NOT

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BE ALLOWED TO WORK AT ALL IN SOME INSTANCES.

WE BELIEVE, HOWEVER, THAT WE SHOULD ATTEMPT TO CREATE AN ATMOSPHERE IN WHICH THE FREE MARKET FORCES CAN OPERATE EFFECTIVELY, TO THE GREATEST EXTENT POSSIBLE.

WE SHARE A COMMON GOAL IN SEEKING NEW APPROACHES SERVING THE LONG TERM INTERESTS OF BOTH PRODUCERS AND CONSUMERS.

THE LIMITS IN OUR TRADE ACT ON WHO RECEIVES THE BENEFITS OF THE U.S. SYSTEM OF TARIFF PREFERENCES ARE DIRECTED ONLY AGAINST THOSE GROUPS OF COUNTRIES WHICH ACT IN WAYS DISRUPTIVE OF THE WORLD ECONOMY.

WE CAN BENEFIT FROM EARLIER COOPERATIVE EFFORTS TO IDENTIFY AREAS IN WHICH THE SELF-INTEREST OF COMMODITY PRODUCER AND CONSUMER MUST, IN THE LONGER TERM, BECOME MUTUAL INTEREST.

THE LONDON WORKING SESSIONS ON DRAFTING A NEW INTERNATIONAL COFFEE AGREEMENT DEMONSTRATE A REAL AWARENESS OF THE NEED FOR SHARED INTERESTS IN ANY EFFORT AT COMMODITY STABILIZATION.

BEGIN UNDERSCORE. THE PROMISE OF MORE ABUNDANT FOOD. END UNDERSCORE.

THE THIRD MAJOR SUBJECT ON WHICH I WISH TO COMMENT THIS AFTERNOON IS FOOD.

THIS HEMISPHERE CAN MAKE A FAR GREATER CONTRIBUTION TO SOLVING THE WORLD-WIDE FOOD CRISIS.

THE UNITED STATES HAS LONG BEEN A MAJOR FOOD EXPORTER, BUT LATIN AMERICA CLEARLY POSSESSES ENORMOUS AND UNDEVELOPED AGRICULTURAL POTENTIAL.

DEVELOPING THIS POTENTIAL WOULD MEAN FOR YOUR COUNTRIES HIGHER FARM INCOMES, SLOWING THE POPULATION SHIFT TO THE HARD-PRESSED CITIES, AND IMPROVED NUTRITION FOR ALL.  
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WITH EFFECTIVE USE OF NEW TECHNOLOGY, LATIN AMERICA COULD PLAY A MAJOR ROLE IN MEETING THE FOOD DEFICITS OF AFRICA, ASIA AND EUROPE.

SOME OF THIS TECHNOLOGY IS ALREADY AVAILABLE BUT IS

NOT REACHING THE PEOPLE WHO NEED IT.

IT MUST BE SPREAD THROUGHOUT THE HEMISPHERE.

MORE RESEARCH IS NECESSARY, NOT ONLY TO DEVELOP  
IMPROVED METHODS OF CULTIVATION AND FOOD VARIETIES, BUT  
ALSO TO INCREASE THE EFFICIENCY OF THE DISTRIBUTION SYSTEM  
AND REDUCE WASTE.

THE CHALLENGE OF FOOD CANNOT BE OVERCOME BY ANY  
NATION IN ISOLATION.

SECRETARY KISSINGER RECENTLY PROPOSED NEW COOPERATIVE  
EFFORTS TO INCREASE FOOD PRODUCTION IN THE HEMISPHERE,  
IN A COMPLEMENTARY EFFORT TO THE GLOBAL UNDERTAKING BEGUN  
AT THE WORLD FOOD CONFERENCE IN ROME.

OUR SUGGESTION THAT AN AGRICULTURAL CONSULTATIVE  
GROUP BE ESTABLISHED UNDER THE AUSPICES OF THE INTER-  
AMERICAN DEVELOPMENT BANK COULD BE A KEY ELEMENT IN THIS  
EFFORT.

THE U.S. ALSO SUPPORTS THE PROPOSAL ON THE AGENDA  
OF THIS MEETING FOR A SPECIALIZED CONFERENCE ON FOOD WITH  
THE INTER-AMERICAN INSTITUTE OF AGRICULTURAL SCIENCES.

BEGIN UNDERSCORE. CONCLUSION. END UNDERSCORE.

IN EACH OF THE AREAS I HAVE INDICATED -- TRADE,  
COMMODITIES, AND FOOD -- THE UNITED STATES IS TAKING  
ACTION OR IS PREPARED TO TAKE ACTION IN COOPERATION WITH  
YOU TO MEET THE CHALLENGE OF INTERDEPENDENCE.

THE UNITED STATES RECOGNIZES THAT ITS ECONOMIC CAPA-  
CITY GIVES IT SPECIAL RESPONSIBILITIES.  
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WE ARE WILLING TO WALK THE EXTRA MILE TO MAKE INTER-  
DEPENDENCE A SOURCE OF PEACE AND PROSPERITY RATHER THAN  
A CAUSE OF WEAKNESS AND STRIFE.

WE EXPECT THAT OTHER NATIONS ARE ALSO PREPARED TO TAKE  
OUR CONCERNS INTO ACCOUNT.

WE HAVE COME TO AN IMPORTANT POINT IN OUR LABORS.

THE INITIAL EXCHANGE OF VIEWS AND STUDY OF DOCUMENTA-  
TION IS DRAWING TO AN END.

WE HAVE THE RESPONSIBILITY, IN DRAWING CONCLUSIONS  
AND IN FRAMING POLICY RECOMMENDATIONS, TO BASE THEM ON A  
BALANCED AND CAREFUL CONSIDERATION OF THE ISSUES.

I URGE YOU, IN CONSIDERING THE TRADE ACT, TO TAKE  
INTO ACCOUNT THE BENEFITS AND THE LONG RANGE SIGNIFICANCE  
OF THIS LEGISLATION TO THE DEVELOPMENT PROCESS AND TO  
THE FUTURE OF THE WORLD ECONOMY.

WE HOPE THAT THIS CONFERENCE WILL MAKE A CONSTRUCTIVE

STEP FORWARD IN REALIZING THE POTENTIAL FOR HEMISPHERIC  
COOPERATION IN TRADE AND OTHER FIELDS.

SECRETARY KISSINGER WILL CONTINUE DISCUSSION OF THESE  
ISSUES ON HIS SOUTH AMERICAN TRIP.

WHEN THE OAS GENERAL ASSEMBLY MEETS IN MAY, WE HOPE  
ALL OF US WILL BE IN A STRENGTHENED POSITION TO ADDRESS  
OUR MUTUAL PROBLEMS OF INTERDEPENDENCE. END QUOTE. INGERSOLL

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